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OGC HAS REVIEWED.

CONFIDENTIAL

Executive for A & M.

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Assistant General Counsel.

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[REDACTED]

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1. Reference is made to the memorandum dated 27 July 1948 from Messrs. [REDACTED] regarding the delegation to other Government agencies of the function of auditing contractor's records in connection with CIA contracts, and the accompanying referral from Mr. [REDACTED] to the Executive for A & M dated 29 July 1948. The basic memorandum requests, in Paragraph 4(c), advice on the question as to whether the GAO will "afford relief to CIA in the settlement of a contract on which the audit functions have been performed by another agency not under the jurisdiction of CIA."

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2. The question as to whether the GAO will "afford relief to CIA" in this connection cannot be answered in this form, as no prediction can be made as to GAO's reaction to the settlement of a specific contract before questions on that contract have been raised.

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3. It is believed that the intent of the question raised by Paragraph 4(c) is whether the GAO will accept an audit of a CIA contract by an Agency other than CIA. The question seeks to ascertain whether there are any legal objections to such delegation of this auditing function.

4. This Office sees no legal objection to such delegation. This appears to be a recognized practice in the Government. It is the opinion of Mr. Ball, Chief of the Audit Division of the GAO, that no objection would be raised by the GAO to this practice. This assumes, however, that the auditing will be done by another Government agency and not by an outside contractor. It appears to be the practice, particularly among components of the military establishment, that whichever department of the Government has the greatest amount of contractual business in a given city or area will handle the audits for other departments in the same area.

5. This opinion is addressed to the legal question raised by Paragraph 4(c) and does not in any way consider the problems raised in Paragraphs 3(a)-(e) of Mr. [REDACTED] memorandum, which are outside the jurisdiction of this Office.

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Walter L. Pforzheimer
Assistant General Counsel

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